

3/8/77 [2]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	W. Michael Blumenthal to Pres. Carter (1 page) Re: Secret Service Vehicles	3/8/77	A
memo	Harold Brown to Pres. Carter (2 pp.), attached to Rick Hutcheson to Brown, 3/8/77 Re: Defense Dept. Weekly Report	3/4/77	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Pres. Handwriting File,
"3/8/77 [2]" *Box 11*

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✓

THE WHITE HOUSE
WASHINGTON

March 8, 1977

Susan Clough
Fran Voorde

The original letter has been sent to
Stripping. The attached copy is for
your information.

Rick Hutcheson

Letter to
John W. Sheffield re:
Honorary Membership in
Americus Rotary Club

X

THE WHITE HOUSE

WASHINGTON

3-8-77

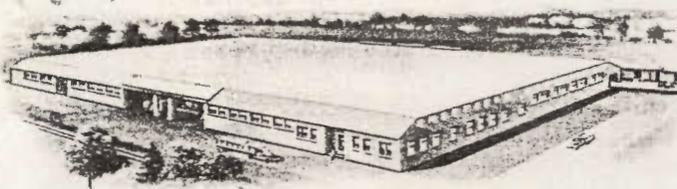
To John W. Sheffield

Although it is an honor to be offered a chance to follow my father as a Rotarian, I must decline because of a standard policy.

Please give my thanks to all my friends in the Americas Rotary Club.

Jimmy Carter

SHEFFIELD HARDWARE CO.



Wholesale

AMERICUS, GEORGIA 31709

February 21, 1977

President Jimmy Carter,
The White House
Washington, D. C. 20500

Dear Jimmy:

A.H.

At the regular meeting of the Americus Rotary Club on 14 Dec. 1976, I was the last speaker on a panel discussion by three old timers - Charles Crisp, Charles Lanier and myself.

At the conclusion of my remarks I made the following statement to the Club:

"A person is eligible for honorary membership in a Rotary Club for any number of reasons, including, service to the community, past service to the Club, national recognition, etc., etc., so long as he resides in the territorial limits of the Club.

"Plains is within the territorial limits of the Americus Rotary Club. This means that out of 16,988 Clubs, ours is the only one that has the right to make Jimmy Carter an honorary member.

"Therefore, Mr. President, I would like to make the following Motion:

"In memory of his late father, Earl Carter a former member of this Club, and in appreciation of the honors and opportunities brought to our community by him, I move that our Board of Directors be requested to name Jimmy Carter an honorary member of the Americus Rotary Club".

The motion was pass unanimously.

The following day I received a letter from Jim Gatewood, Program Chairman and Director (copy attached). It is my understanding that the Board of Directors carried out the Club's request, but I am told they have received no acknowledgment from you.

I would consider it a personal favor if you would honor our Club



Page #2

President Jimmy Carter,
The White House
Washington, D. C.

by accepting.

With kindest personal regards,

Sincerely,

John W. Sheffield,
JWS:ld
Encl: 1

P. S. Mr. Earl joined our Club on 22 May 1929, one week after I became a member. He remained a member for two years when the depression hit us. We had only 27 members in '31, (now 116) and the farmers were the first to feel the depression. The only reason I was able to stay in was the Company paid my dues!

JWS

THE WHITE HOUSE
WASHINGTON

3-8-77

To T. J. White

Thank you for your
editorial comment March
1st on the human
rights issue. I've also
been surprised at the
timidity of some leaders,
but at the same time
cautious myself about
possible adverse effect on
those who already suffer.

Jimmy Carter

cc sent to Jody

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 7, 1977

TO: The President

FROM: Jody Powell
Walt Wurfel *WW*

Re: Brief note of thanks to editor of Baltimore News-American

The attached editorial from the paper of March 1 commends you for speaking out against the abuse of human rights in the world.

A thank-you note from you would be welcome to:

T.J. White
Executive Editor
Baltimore News American
Lombard & South Sts.
Baltimore, Md. 21203

cc: Pat Barrio

A Shameful Silence

AS EMPHASIZED in recent Paris dispatches, President Carter's outspoken intervention in favor of Russia's beleaguered political dissidents has turned out to be a mighty lonely leadership crusade.

He has been getting lots of qualified applause from Western European newspapers, and many top politicians there reportedly have voiced private support. But not a single major official has had the guts to back him publicly.

At the same time, both in the United States and among our allies, what approval Mr. Carter has been getting in print of off-the-record comment has been tempered with fears that his concern over the human rights issue may be counter-productive.

It's all well and good to be a human rights idealist, it seems, but it's not too smart politically to rock the boat of Soviet relations by making an issue of it. Furthermore, it isn't cricket to meddle in the domestic affairs of another country.

That's the way the qualified approval of President's Carter's statements has been coming out — and it's all pretty disgusting, to say the least. What it boils down to, when the hot air is fanned away, is a widespread new demonstration of an old temerity.

Let's not be beastly to the Russians, that temerity cautions. They are so powerful, so unpredictable, that the best course of action is not to give them offense and simply try to get along with them as graciously as possible.

That's not only nonsense, it's the defensive attitude the Soviets have been trying to create among their ideological enemies right along — and they have succeeded all too well. The Kremlin big shots can lambaste the West every which way, as they do all the time, and it is taken for granted. But when President Carter dares nudge them in a matter of truth and justice they can't take it.

We commend and admire the President for speaking out against the terrible abuse of human rights in the Soviet Union, and elsewhere. We condemn and are sickened by the Allied leaders who have reacted officially with a chorus of shameful silence.

They are playing the Kremlin game just as surely as are the bully boy secret agents and thugs who keep the Russian people in fearful line through brutal intimidation and worse.

THE WHITE HOUSE
WASHINGTON

March 8, 1977

MEMORANDUM FOR: MARK SIEGEL
FROM: RICK HUTCHESON
SUBJECT: ERA Involvement

In response to your ERA memo, the President has approved your recommendation that you prepare notes to Florida Senators for his signature.

I suggest that you prepare a couple of drafts for his approval, (one to publicly committed - one to leaning) and then we can use the signature pen to sign them.

THE WHITE HOUSE
WASHINGTON

Trudy. do not send
back a copy of attached;
rather send note:

In response to your EKA
memo, The Pres has
approved your recommendation
that you prepare notes to
Florida senators for
his signature. I suggest
that you prepare a couple
of drafts for his approval,

THE WHITE HOUSE
WASHINGTON

*OK. es
is - i
future should
be handled
by
D*

Hamilton:

I think it makes sense for deputies to senior aides to draft memos either for joint signature or in the name of the senior aide to the President. I have noticed that you have generally done this with Landon and Betty, and assume you might want to do this with Mark. Lipshutz and Stu follow this policy as well. If deputies get into the habit of sending memos directly into the Pres, it makes it all that more difficult to cut down on paper.

Rick

*W
add your name?
or initials?*

THE WHITE HOUSE
WASHINGTON

*(one to publicly-committed,
one to (un)committed) and
then we can use the
signature per to sign
them. ~~to~~*

RH

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

7 March 1977

TO:

THE PRESIDENT

FROM:

RICK HUTCHESON 

SUBJECT:

Memoranda Not Submitted

1. MARK SIEGEL MEMO on ERA Involvement:

- a. White House actions are a net political plus, despite vocal criticism by anti-ERA lobby
- b. last minute calls do not appear to be an efficacious strategy
- c. passage of ERA in 1977 is unlikely, with a good chance only in Florida (chances are fair-to-poor in South Carolina, Oklahoma, Illinois & Missouri)
- d. Florida vote will not come before April 8. In the House, a majority have co-sponsored, and Don Tucker promises passage. In the 40-Member Senate there are 20 public commitments, with a 21st private commitment -- looks good
- e. Mark recommends that he prepare for your signature written thank-yous to the Senators publicly committed, and strong statements of support for ERA to the 6-7 uncommitted Senators who might be persuaded

_____ approve _____ disapprove

use signature pen on the letters after I approve
draft messages



**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

7 March 1977

TO:

THE PRESIDENT

FROM:

RICK HUTCHESON 

SUBJECT:

Memoranda Not Submitted

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 approve disapprove

 ✓ use signature pen on the letters after I approve
draft messages



**Electrostatic Copy Made
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THE WHITE HOUSE

WASHINGTON

March 5, 1977

MEMORANDUM FOR:

THE PRESIDENT
THE FIRST LADY

FROM:

MARK SIEGEL *mark*

SUBJECT:

ERA Involvement.

In light of the North Carolina 26-24 defeat on ERA, I have been doing some hard reassessing of our involvement with this issue.

1. Our actions are a net political plus, despite the vocal criticism of the anti-ERA lobby.
2. We cannot be charged with not fulfilling your commitment to not only support, but work for the ratification of the amendment.
3. The First Lady and Senator Bayh share the credit for passage in Indiana, but actions in Nevada and North Carolina have established negative momentum.
4. As the President predicted prior to the North Carolina vote, last minute phone calls do not appear to be an efficacious strategy -- once commitments are locked in, it is all but impossible to turn around votes.
5. Prospects for 1977 appear to be as follows:
South Carolina - Senate/good - House/improbable;
Florida - good chance;
Oklahoma - fair chance;
Illinois - fair chance;
Missouri - little chance.

Passage in 1977 unlikely, but still very good prior to March 22, 1979 deadline.
6. The Florida vote will not come before April 8th, which gives sufficient time to plan. Outlook appears very good at this point: in the House, a majority have cosponsored the amendment, and six additional votes have committed. The Senate, composed of 40 members, has 20 public commitments for the amendment, with the 21st privately committed and waiting to go public at a decisive point (probably late

this upcoming week). We are in close contact with Governor Askew, Speaker Don Tucker (who has absolutely committed to me that the House will vote to ratify) and Senator Lori Wilson, the floor leader for the amendment in the Senate. All signs look good and we could be most helpful not in last minute calls, but in written notes to the 21 Senate proponents, thanking them for their support and for making passage in Florida now appear certain.

RECOMMENDATION:

We continue to stay active and provide leadership and assistance, but resist calls for last minute intervention not connected to a coherent strategy. Emphasis should be shifted to early written notes, prior to the time that persuadables make public commitments. Have the DNC take an active role in receiving information and collecting data.

If possible, I would like to have you send notes to Florida late next week. I will prepare two separate notes:

- (1) thank you to the public commitments and
- (2) strong statements of interest and support to the six/seven Senators who are uncommitted and appear to be persuadable if we act soon.

DECISION:

AGREE: _____

DISAGREE: _____

DISCUSS: _____

cc: Hamilton Jordan
Kathy Cade

THE WHITE HOUSE
WASHINGTON

March 8, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jody Powell

Re: Ask President Carter 3/5/77

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
	<input checked="" type="checkbox"/>	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
	<input checked="" type="checkbox"/>	POWELL
		WATSON

- FOR STAFFING
- FOR INFORMATION
- TO PRESIDENT
TODAY

ACTION	FYI	
		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		H. CARTER
		CLOUGH
		FALLOWS
		HARDEN
		HOYT
		KRAFT
		B. MITCHELL
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SIEGEL
		T. SMITH
		WELLS
		VOORDE

THE WHITE HOUSE
WASHINGTON

Stu
C
/

March 7, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Ask President Carter, March 5, 1977

The following questions were left unanswered on Saturday:

done by staff

1. Opal Dehart, Trinity, North Carolina - Why can't we use the Laetrile drug for fighting cancer?

A member of my staff has talked with the Secretary's staff at HEW. HEW will have someone call Ms. Dehart today and provide you with a transcript of that conversation.

done by staff

2. Sherill Quinn, Cleveland, Ohio - Inquired about the Veterans benefits for her mother, who was serving in the Armed Forces during the Korean War.

A member of my staff has talked with Ms. Quinn to get additional information and will work with the Veterans Administration in obtaining an answer for her question.

done by staff

3. Leslie Pfenniger, Lanham, Maryland - Why are the doors closed to people who want to enter civil service?

A member of my staff has talked with Ms. Pfenniger to get additional information and will work with the Civil Service Commission in obtaining an answer for her question.

Called by me 3/8

4. Ruby Hewitt, San Bernardino, California - Why are veterans and civil service retirees given two cost of living increases, but social security retirees are given only one?

You indicated that your staff would call her on Monday. I think that since the other questions were either answered or should be followed up by your staff, you could possibly return this call yourself. We attach the information for you to answer this question if you choose to do this. -TAB A-

You and Mrs. Carter may wish to have future contact with Michelle Stanley, the 11 year old, from North Benton, Ohio. If you do, her telephone number is (216) 584-4812.

Questions answered later in the broadcast:

Philip Rouche, Tooele, Utah - Sick leave portion of the 1976 income tax revision.

Mrs. John Richey, Georgetown, Kentucky - Payment for the sale of land by the Ottawa Indian tribe.

Mike McGrath, Warsaw, Indiana - G.I. Bill benefits.

do so

I would suggest that the typed transcript which is now available be sent in a letter from you to all those who talked with you. This would be particularly helpful to those whose answer was provided later in the broadcast. It is possible that they may not have been able to continue listening to the entire broadcast.

To my knowledge, there is only one answer given by you on Saturday that you may wish to correct. You indicated that heroin was the largest cause of drug-related deaths with barbiturates a close second. Peter Bourne indicates that statistics show barbiturates are the largest cause of deaths, with heroin being second. I will also bring this to Jody's attention, if he wishes to issue a correction.

||

I have learned from Lynn Daft, my staff member working on agriculture, that the 1975 statistics show the average income from farming in Wisconsin is \$8,000 (you indicated it was \$7,000) and that the average farm value is \$112,000 (you indicated \$180,000).

*my figures
came from
U of Wisconsin*

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ANSWER FOR RUBY HEWITT of San Bernardino, California
(714) 885-8268

It is true as you pointed out on Saturday that Social Security beneficiaries receive their cost of living increases only once a year. It is not correct that VA beneficiaries receive automatic cost of living increases twice a year. In fact, VA benefits are not increased automatically and occur only when Congress acts at a given point in time.

Federal employee and military pensions, under current law, are subject to semi-annual increases. This is actually a change that is effective for the first time this year. Previously, they occurred whenever the consumer price index went up by more than 3 percent.

The mechanics of authorizing Social Security increases more frequently than once a year are much more complex than those employed by the military and civil service retirement systems. In the case of the Social Security system, which pays over 33 million beneficiaries compared to 2-1/2 million beneficiaries of the military and civil service retirement systems, the entire benefit formula must be reconstructed each time a benefit increase occurs. This requires several months lead time and preparation. Thus, almost one-half of the year might be taken up just preparing for the various increases. People in Social Security are working on alternative formulas and methods. We will be looking at those as a part of the general review of Social Security that we now have under way.

We will consider the question about more frequent Social Security cost of living increases.

THE WHITE HOUSE
WASHINGTON

March 8, 1977

Bert Lance -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat

Re: Oil Pollution Initiatives

THE WHITE HOUSE
WASHINGTON

cc LANCE

ACTION	FYI	
		MONDALE
		COSTANZA
	<input checked="" type="checkbox"/>	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON

ACTION	FYI	
		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		H. CARTER
		CLOUGH
		FALLOWS
		HARDEN
		HOYT
		KRAFT
		B. MITCHELL
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SIEGEL
		T. SMITH
		WELLS
		VOORDE

- FOR STAFFING
- FOR INFORMATION
- TO PRESIDENT
TODAY

THE WHITE HOUSE
WASHINGTON

Date: March 4, 1977

MEMORANDUM

FOR ACTION:

Zbigniew Brzezinski

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 3/2/77 re Oil Pollution Task
Force Proposed Initiatives.

3/8

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 2:00 P.M.

DAY: Friday

DATE: March 4, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

Date: March 3, 1977

MEMORANDUM

FOR ACTION:

Charles Schultze
Stu Eizenstat
Hamilton Jordan
Jack Watson
Katy Schirmer
James Schlesinger

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Bert Lance memo 3/2/77 re Oil Pollution Task Force Proposed Initiatives.

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 2:00 P.M.

DAY: Friday

DATE: March 4, 1977

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

To Bert cc Stu
J
ES

MEMORANDUM FOR THE PRESIDENT

FROM: Bert Lance

BR

SUBJECT: Oil Pollution Initiatives

You have reviewed Stu Eizenstat's memorandum on oil pollution initiatives proposed by an OMB interagency task force. Clarification of certain decisions is required in order to prepare for hearings in the House on Thursday and in the Senate next week. Decisions required are:

Comprehensive Oil Pollution Liability and Compensation Act

Background: You indicated support for a strong domestic bill with high liability limits (\$300 per ton) on all tankers. You also supported ratification of the International Liability and Compensation Conventions. They set limits at \$150 per ton and preempt signatories from establishing higher liability. We did not support ratification because the Senate has shown no interest in the Conventions for the past five years and environmental groups also strongly oppose them. If you decide to support the Conventions it will require an active educational effort and your total commitment to change Senate sentiment.

Option 1: A strong domestic liability system and efforts to raise international limits to U.S. levels.

Option 2: A domestic system consistent with lower international liability limits and support for the Conventions.

Approve Option 1 Approve Option 2

Unilateral Standards for Oil Tanker Legislation

Background: You also indicated that you needed to know the cost and/or feasibility of a number of proposed initiatives to upgrade ship standards. There has been considerable analysis done in the past which indicates an added cost of about \$1 billion per year for full implementation of these proposals. In addition, most newly constructed ships meet these standards now. The issue is whether the U.S. establishes these standards unilaterally or continues to push for international adoption.

There is strong sentiment in the Senate and among environmental groups for unilateral action, which we also support. Transportation, Commerce and State oppose unilateral action and have proposed instead the convening of an emergency international conference to deal with this issue.

Approve Unilateral Legislation Seek International Act

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

Date:

3/4

To:

Rick Hutcheson

From:

O. Gould



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 2 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Bert Lance

SUBJECT: Oil Pollution Task Force Proposed Initiatives

An Interagency Task Force, responding to your direction to propose methods for dealing with oil tanker accidents and as part of our overall reorganization effort, has developed the attached package of proposals to deal with oil pollution of the oceans.

The initiatives are designed to meet three objectives:

- I. Reduce oil pollution caused by tankers;
- II. Upgrade oil spill response capability; and
- III. Insure adequate liability and total compensation for oil pollution damages.

It is our recommendation that you announce these actions as part of your upcoming environmental message. The legislation to carry out the initiatives will be drafted based on your decisions and will be ready for submission to the Congress by the end of the month. Reliable cost data are not yet available for all initiatives. Requests for additional funds and personnel to carry out the initiatives will be scrutinized as they are made by the agencies.

It is clear that unilateral action by the United States is required if we are to make a significant and timely impact on this problem. Such action does not require a total abandonment of our commitment to seek international solutions to the oil pollution problem, but it may weaken our effectiveness in international forums dealing with pollution. These proposals, therefore, call for immediate decisive action coupled with diplomatic efforts to encourage other countries to follow our lead.

The proposals also reflect substantial input from groups outside of the Federal Government. The Task Force has met over the past month with representatives of environmental groups, coastal States, the oil and shipping industries, maritime unions, and Congressional staffs.

100-11-211

To respond to your desire for strong environmental action, the Office of Management and Budget, the Council on Environmental Quality, the Domestic Council and the Environmental Protection Agency believe that the attached recommendations represent a reasonable set of initiatives which will effectively deal with the problem and are in tune with current Senate proposals and sentiment. However, several of the proposals do not have the full support of the agencies participating in the Task Force. Their comments are included in the discussion of each initiative. In addition, my budget people are concerned that all the costs--societal and budgetary, private and Federal, domestic and international--associated with the proposed initiatives are not well defined. While some of their concern can be resolved by later review of personnel and funding requests, they would prefer you to consider these initiatives in the light of associated costs and relative merits of various alternatives.

The Senate is moving very quickly on a comprehensive package including minimum tanker standards, with Administration witnesses tentatively scheduled to testify March 10. In the House, the Merchant Marine and Fisheries Committee has already conducted hearings on the liability and compensation bill with Administration witnesses scheduled to testify on March 10.

The package of proposed initiatives is attached, with tabs on the major issues provided. We are also providing lists of all the initiatives originally considered and outside groups contacted.

Decision

- _____ Agree with attached package of oil pollution initiatives; draft legislation.
- _____ Change package as noted; draft legislation
- _____ See me.

Attachment

TASK FORCE PROPOSALS FOR OIL POLLUTION INITIATIVES

I. Initiatives to Reduce Oil Pollution Caused by Tankers

Legislative Initiatives

1. Propose legislation requiring minimum ship construction and equipment standards for tankers over 20,000 dead weight tons entering U.S. ports, including:
 - ° Double bottoms on all new tankers, inert gas systems on all crude tankers and segregated ballast on existing tankers within five years;
 - ° Backup radar systems with collision avoidance equipment and redundant steering components required within two years.

Discussion

The international community has endorsed the concepts of inert gas systems and segregated ballast, although the implementing conventions are not in force. Coast Guard currently requires segregated ballast for all new tankers over 70,000 tons. Coast Guard also requires inert gas on new U.S. tankers over 100,000 tons. These initiatives will be enforced by denial of entry to U.S. ports. Negative international reaction could have adverse impacts on other types of American shipping.

Additional costs of these five requirements will range from 0.2 cents to 0.7 cents per gallon of gasoline. With full implementation of the standards total additional annual cost to the United States for imported oil is estimated to be \$1 billion.

2. Submit to the Senate for ratification the 1973 Convention for the Prevention of Pollution from ships and transmit to the Congress implementing legislation.

Discussion

The Convention establishes new international standards to reduce oil pollution. These standards include segregated ballast for all new tankers over 70,000 tons and maximum allowable discharges of oil-contaminated ballast. Rapid U.S. action will reinforce our commitment to international solutions to ocean pollution and may help counteract any negative impacts resulting from the unilateral actions proposed above.

3. Propose legislation requiring all tankers entering U.S. ports to display a certificate evidencing a valid biennial inspection. Direct State and Coast Guard to actively seek international accord to upgrade international inspection standards.

Discussion

Structural failure and substandard equipment are leading causes of recent tanker spills. Most nations require periodic inspections of tanker machinery and equipment. However, the frequency and quality of inspections in some nations is far below U.S. standards. This bill would serve notice to all countries whose vessels enter U.S. ports that they must institute a satisfactory inspection program.

Public Views and Agency Positions

The States and environmental groups strongly support the three proposals. In general, industry is not totally opposed to our taking unilateral actions to deal with the oil pollution problem. Among the ship standards proposed in this initiative, industry appears to support inert gas and backup radar. There is some strong industry opposition to segregated ballast, but the reaction is not unanimous. For safety reasons, the maritime unions would prefer that double bottoms be required only as one of a set of alternatives.

Congressman Murphy, Chairman of the House Merchant Marine and Fisheries Committee, is strongly opposed to double bottoms.

Specific agency concerns on the tanker standards initiative is centered on the double bottom and segregated ballast requirements:

- ° Transportation and Commerce believe double bottoms could have merit, but feel further analysis is required before a decision is made. Defense supports only if accepted as an international standard.
- ° Transportation, State, and Defense support international action on segregated ballast retrofit before the U.S. acts unilaterally. Transportation also believes that alternatives to segregated ballast retrofit require further consideration at this point. Defense supports the concept of segregated ballast because their experience indicates that the costs are relatively low.
- ° Commerce supports unilateral action on segregated ballast retrofit with U.S. vessels in foreign trade exempted, but prefers further study on size.

Transportation believes enforcement of these initiatives by denial of port entry would violate the International Convention on Safety of Life at Sea.

The 1973 Convention is supported by all agencies. On the certificate initiative, State, Transportation and Defense would prefer an international approach because of conflicts with existing Conventions.

Administrative Initiatives

1. The Coast Guard will be directed to increase their activities designed to minimize the potential for tanker accidents in U.S. waters. In addition, the Coast Guard will initiate action to require that tanker owners (including stockholders), changes in vessel names, and cargo owners be disclosed.

Discussion

This initiative directs the Coast Guard to step up activities which have direct accident-prevention impacts. An amendment to the Coast Guard budget has added \$1M and 50 positions to support this effort. Specific activities to implement the President's direction would be developed by the Coast Guard based on the cost effectiveness of the alternative actions. Possible proposals discussed include an expanded foreign tanker boarding program and upgrading the Marine Safety Control System. This system could be used to bar masters as well as ships with "bad" pollution records from U.S. ports. Coast Guard costs for implementing proposals recommended by the Task Force could run from \$4M to \$10M per year.

2. Upgrade crew standards and training requirements by directing Transportation to:
 - Review the 1978 Intergovernmental Maritime Consultative Organization Conference agenda to identify additional requirements which should be included for consideration.
 - Identify requirements which, if not included in the 1978 Convention, the U.S. may impose unilaterally for all crews of ships entering U.S. ports.
 - Take immediate regulatory action to improve standards applicable to U.S. crews.

Discussion

Human error is the predominant cause of tanker accidents.

These initiatives represent major actions in an area where little has been accomplished. Critical to this initiative are such things as demonstrations of proficiency, experience or training by class and size of vessels, and requirements for renewals of licenses.

II. Initiatives to Upgrade Oil Spill Response Capability

The Coast Guard will be directed to strengthen its programs directed toward the clean up of oil spills.

Discussion

The Coast Guard will intensify its R&D efforts to improve the U.S. capability to clean up oil spills under varying environmental and geographic conditions, e.g., fast river currents ice, rough seas. In addition, Coast Guard will review its current response capability and adjust as necessary to meet the President's objectives in the most cost effective manner. Costs of this effort could run from as little as \$.5M to over \$20M per year. Additional one time capital costs could run to \$20M for response equipment.

Public Views and Agency Positions

No opposition.

III. Initiatives to Insure Adequate Liability and Compensation for Oil Pollution Damages

Submit to Congress a bill, "Comprehensive Oil Pollution Liability and Compensation Act of 1977."

Discussion

The bill represents a reorganization initiative which will replace the current overlapping system of Federal and State liability laws with a uniform national system. It provides more adequate liability limits (\$300 per gross ton) and insures immediate action by the spiller to mitigate damages. The bill establishes a \$200 million Fund and insures total compensation of virtually all damage costs, including injury to natural resources and Federal and State resource damage assessments. It partially preempts State liability and compensation laws but provides an opportunity for direct State participation in the system.

Passage of this legislation will constitute U.S. denial of two related international conventions, the 1969 Liability

and the 1971 Fund Conventions. These Conventions provide a \$160 per ton limit of liability which the Congress and environmental groups believe is inadequate. In addition, the Senate has shown no interest in ratification of either Convention, which has been before them since 1970 and 1972.

Public Views and Agency Positions

Most interested outside groups strongly support the legislation with the exception of the State preemption provision. Several States, e.g., Maine and Massachusetts, and a few environmental groups oppose any preemption of a State's ability to collect fees or set higher limits of liability.

Transportation, Commerce, and State very strongly support vigorous action by the Administration to seek ratification of these Conventions. Their position is based on the damage this action will have on their international negotiating capability.

Unilateral Action

Unilateral Action on Tanker Pollution Initiatives

Tankers contribute about 1.6 million metric tons of oil pollution to the oceans every year, or nearly one-third of the total directly attributable to human activities. Tanker-caused pollution comes about in two principal ways: by accident, and through routine operations such as washing tanks and discharging ballast. The share due to accidents is rather small (10 to 15 percent of tanker-caused pollution), but the quantities are substantial -- about 200,000 metric tons per year worldwide and 9,500 metric tons in U.S. waters. The effects of accidental spills are heightened because they tend to take place near shore, and because volume tends to be concentrated in a few large spills, heavily affecting the localities where the spills occur.

Among the important measures to prevent oil pollution from both accidental and operational causes, are improvements in tanker design, construction, and equipment, navigation features, maintenance and inspection, and crew standards and training.

An overriding issue that cuts across many proposals for such improvements is whether the United States should continue to rely primarily on international agreement in this area, or whether we should now take stronger measures unilaterally.

International law recognizes the right of nations to protect their own waters against pollution, through domestic law and regulation. For oil tankers, present U.S. regulations hew close to international standards, though under existing law our standards could be much stricter. The Federal Ports and Waterways Safety Act of 1972 gave the Coast Guard a broad mandate to protect U.S. ports and territorial waters, authorizing unilateral regulations of both domestic tankers and foreign tankers entering our waters that embrace

- ° design, construction, alteration, maintenance, repair, and operation of vessels
- ° manning of vessels and duties and qualifications of officers and crew
- ° inspection of the foregoing
- ° vessel traffic services for congested ports and their approaches, and control over ship movements under hazardous conditions

In issuing regulations under the Act, the Secretary of Transportation must consider the need for the regulations, their efficacy, and the practicability of compliance.

Regulations issued in 1975 and 1976 for tanker design generally conform to the International Convention for the Prevention of Pollution from Ships, agreed upon in 1973 by members of the UN's Intergovernmental Maritime Consultative Organization (IMCO), but not yet signed by any major maritime power. The Convention's major features include a requirement for segregated ballast tanks on all new tankers larger than 70,000 dead-weight tons, and limits on cargo tank size and arrangement, to minimize oil outflow in case of accident. Though an advance over present international law, the Convention fell short of some important standards urged by the U.S. delegation, including double bottoms for all new tankers over 20,000 tons. Furthermore, the segregated ballast requirement applies to new tankers only, and few new tankers are being built now because of the world glut of tanker capacity. Therefore, the clause will have no practical effect for a number of years.

In the past the U.S. usually has favored international action on tanker-caused pollution because

- ocean pollution is a global problem, requiring global solutions
- unilateral action could impair efforts in IMCO and other international organizations to raise international standards
- conflicting standards might hinder freedom of the seas

However, when international agreement is not adequate or timely, there are compelling arguments in favor of independent action by the U.S.

- U.S. is entitled to protect its own safety and environment where international agreement is lacking, and has done so in the past, e.g., with design and operations requirements for liquefied natural gas carriers
- U.S. leadership could give impetus to raising international standards
- international agreements represent a compromise of national self interests, and actions of IMCO, the major international body for tanker regulations, have reflected shipping interests more than environmental interests

Segregated Ballast

Segregated Ballast for Existing Tankers

The most significant and controversial measure to reduce operational oil pollution, with the added benefit of reduced probability of accidental spills, is segregated ballast for the existing stock of tankers.

Background. Clean tanks dedicated to ballast water only would eliminate the major source of operational oil pollution, deballasting of tankers and associated tank washing. (Tank washing to remove accumulated sludge would still have to be done). Ballast tanks can also be arranged to provide protection against oil outflow in case of accident.

Existing tankers can be fitted for segregated ballast by dedicating certain cargo tanks to ballast only, primarily by modifying piping, with a resulting loss of 15-20 percent of cargo space. Such retrofitting would have to be phased in, with regard to both shipyard and tanker capacity. Economic incentives to avoid penalizing owners who comply early would have to be considered.

Two other major methods of dealing with operational pollution from tankers are load-on-top and port reception facilities to treat dirty ballast. Neither is as effective, reliable, or free of enforcement problems as segregated ballast. Both methods were considered at the 1973 IMCO Convention, and requirements for them were adopted in addition to the mandate for segregated ballast. Since the Convention, crude washing has received attention as another method of reducing operational discharges. Early results suggest it is an effective and economical procedure, but it raises questions of safety and air pollution that have not been fully addressed.

Coast Guard regulations require segregated ballast, arranged to provide protection against accidental spills, on all new tankers over 70,000 dead-weight tons, foreign and domestic, entering U.S. waters. Ballast tanks must be arranged to provide defensive space against accidents.

IMCO Marine Pollution Convention, signed in 1973, but not in force and not ratified by any major maritime power, requires segregated ballast for all new tankers over 70,000 tons, arrangement for protection against accidental spills not specified, but required by limits on hypothetical oil outflow in case of accident.

Retrofit for existing tankers has been before IMCO's Marine Environmental Protection Committee for two years. Subject is to be taken up at next session, June 1977.

The proposed initiative requires segregated ballast for all existing tankers above 20,000 tons, U.S. and foreign, entering U.S. ports, for these reasons

- ° because of world surplus of tanker capacity, for a number of years the benefits of segregated ballast can only be gained by retrofitting existing tankers.
- ° there is some support in international community for retrofit for economic reasons. Retrofit would in effect reduce surplus tanker capacity, put laid-up vessels in service, idle shipyards to work
- ° because of costs, substandard tankers might be retired from the fleet rather than retrofitted, or at least diverted from U.S. trade
- ° segregated ballast will particularly benefit Alaska which will "export" to lower 48 some 2 million barrels per day in TAPS trade, more from OCS; (disposal of ballast water occurs in waters or treatment facilities of exporter); will also benefit oceans and environment in general
- ° segregated ballast tanks on outside of vessel could provide partial protection against side-damaging accidents
- ° there are no hydrocarbon emissions in taking on ballast in segregated tanks (there are with cargo tanks); important to Los Angeles and other ports with hydrocarbon air quality problems
- ° though there are somewhat higher construction and operating costs for segregated ballast, increased costs per gallon of gasoline or fuel oil appear to be small (See Tab E)
- ° The principle of segregated ballast, with its reduction of cargo capacity and somewhat increased costs, has already been adopted by Coast Guard and IMCO, with requirements for large new tankers. Load-on-top and port deballasting facilities were adopted as supplements, not substitutes

There are possible disadvantages to the initiative:

- ° with unilateral action, U.S. will pay higher costs of segregated ballast, but will not get the major benefits because we are an oil importing nation. Most tank washing occurs in high seas, deballasting in waters of exporters
- ° if present tanker capacity is in effect reduced 15-20 percent, the number of tankers bringing oil into U.S. ports would have to increase (though probably not by a like proportion, since use of smaller tankers might decline), with possible crowding problems

The main advantage of requiring segregated ballast for smaller tankers, down to 20,000 tons, is that these smaller vessels are numerous in U.S. waters. The Atlantic and Gulf Coast ports near our largest concentrations of refineries do not have deep enough water to handle large crude carriers. Indeed, 244 of the 269 existing U.S. flag tankers are under 70,000 tons; more than 90 percent would be missed by a cutoff of 70,000 tons. Of 1,520 foreign flag tankers serving U.S., 80 percent are under 70,000 tons.

Implementation. To refit a tanker's piping, pumps, and other equipment for segregated ballast is estimated to take 4 to 6 weeks of shipyard time, 2 to 4 weeks more if bulkheads are altered. Four to five years should be allowed to complete the program. In the case of U.S. vessels, retrofit could take place when ships enter yards for biennial inspections.

Meanwhile, in order not to penalize owners whose ships are retrofitted early, a fee could be levied on the ships which have not yet been converted, equivalent to the annualized cost of retrofit, and rising at intervals to strengthen the incentive to retrofit.

In order to preserve flexibility, the law could allow owners in special circumstances to substitute other methods to reduce operational oil pollution, so long as they could prove the reduction would be at least equal to that achieved by segregated ballast. In such cases, the fee could be waived.

Costs. The initial cost of retrofitting segregated ballast has been variously estimated from \$600,000 for a 90,000 ton tanker (National Steel and Shipbuilding Co.) to

\$1-\$3 million (Three Nation study for IMCO). Since cargo capacity is usually reduced 15 to 20 percent, operational costs also rise. For estimates of increased costs of Alaskan oil delivered to West Coast, imports to East Coast, see Tab E.

Note that these estimates are for increased costs, not prices. Many factors, such as abundance or scarcity of tanker capacity, are important determinants of price.

Note also from the Tables in Tab E that the estimated costs of transporting oil in new double bottom tankers and in existing tankers fitted with segregated ballast are about equal, which suggests that there would be no cost advantage in keeping old tankers in service beyond their normal life-span, if retrofit were required.

Double Bottoms

Double Bottoms/Double Hulls

Background. The strong endorsement of double bottoms at the 1973 IMCO Convention by the U.S. and USSR was based upon studies analyzing past grounding accidents which concluded that in 50 to 90 percent of cases double bottoms would have prevented any outflow of oil. Though the Convention adopted a requirement for segregated ballast, it rejected double bottoms.

The segregated ballast requirements issued by the Coast Guard in 1975 and 1976, for new U.S. and foreign tankers over 70,000 tons entering U.S. waters, generally follow IMCO standards. The regulations approve several optional arrangements of ballast tanks for defensive space to protect against accidental spills, most of them emphasizing side protection. The regulations are based on the conclusions, drawn from world tanker accident data, that side-damaging accidents are as much a problem as groundings. However, oil spill data are skewed by the few very large spills which account for most of the volume. No statistically valid conclusion can be drawn as to the relative importance of side or bottom damaging accidents.

The approved design that appears least expensive to build is staggered wing tanks, which intersperse cargo tanks and ballast tanks along the vessel's sides. Double bottoms were not required by the regulations but not ruled out. Since the standards require more ballast space than needed for a full double bottom, extra space could be distributed in wing tanks, or in a rather shallow space over the entire sides of the vessel, to form a double hull.

The proposed initiative requires double bottoms or hulls for all new tankers over 20,000 tons, domestic and foreign, entering U.S. ports, for these reasons

- ° analysis of past grounding accidents indicates benefit from full double bottoms in preventing spills; similar historical analysis has not been done for designs that concentrate protection on vessel sides
- ° extra ballast space (in addition to double bottom) distributed over hull adds a degree of side protection, may reduce risk of fire or explosion in case of collision

- extra cost of double bottoms and hulls over cheaper forms of segregated ballast is modest (about 3 to 6 percent of construction cost), small for delivered oil products (see Tab E)

The chief arguments made against double bottoms or hulls are that

- they may not add protection commensurate with slightly higher cost; information needed to make quantitative estimates not available
- advantages are not clear enough to warrant departure from standards internationally agreed upon

Costs. See Tab E for estimated extra costs of double bottoms/hulls for delivered oil.

Inert Gas

Inert Gas Systems

Background. Whenever a tanker's cargo tanks are not fully loaded, flammable vapor can form, and if a source of ignition is present, there is danger of explosion. (Oil vapor in a fully loaded cargo tank is generally too "rich" to explode.) Tank washing of large tanks with high pressure jets may produce high energy static electricity that can set off an explosion. Explosions have also occurred in cargo tanks during loading, unloading, taking on ballast, and during ballast voyages.

If inert gas (generally scrubbed flue gas from the ship's boiler) is piped into the cargo tank to keep oxygen content below the flammable range, the hazard is controlled. The system requires careful maintenance. About 450 tankers of approximately 6,800 tankers in the world have inert gas systems.

Coast Guard regulations issued January 1976 require inert gas systems for all new U.S. tankers over 100,000 dead-weight tons and U.S. bulk carriers over 50,000 tons. An IMCO resolution of 1973 recommended such a measure and 15 maritime nations have adopted it. The Coast Guard is now considering extending requirements to tankers above 10,000 tons, possibly with retrofit for existing vessels.

Coast Guard is uncertain of legal authority to apply regulations to foreign tankers, because it considers explosions more a safety than a pollution problem. Legislation could provide authority.

The proposed initiative requires inert gas systems for all tankers above 20,000 tons, U.S. and foreign, entering U.S. ports, for these reasons:

- ° general advantages in preventing explosions, death and injury, oil pollution
- ° cost is moderate, small per gallon of gasoline or fuel oil (see Tab E)

Major opposing arguments are:

- ° cost is relatively high for smaller tankers (see Costs, below)
- ° if requirements not phased in properly, shortage of tankers could result

Retrofit could be phased in over 4 to 5 years, and could be accomplished during the shipyard visit for retrofit

of segregated ballast. Similar economic incentives could be used, although the problem of early compliance is not great with inert gas systems, since no cargo capacity is lost thereby.

Costs. The extra cost of an inert gas system on a new 120,000 ton tanker is about \$1 million; to retrofit, \$1.2 million. Costs are only about 25-30 percent less for smaller tankers. See Tab E for extra costs per barrel of crude oil, gallon of gasoline, or fuel oil.

Ships and Ship Systems

1. Seek international agreement for use of segregated ballast on existing tankers.
2. Expedite U.S. unilateral action to require segregated ballast for all existing tankers, foreign and domestic, over 70,000 dead weight tons (DWT).
3. Require segregated ballast for all new and existing tankers smaller than 70,000 tons DWT, down to [20,000-35,000] tons DWT.
4. Reconsider requiring double bottoms for new tankers, down to [20,000-35,000] tons DWT.
5. Require double hulls for new tankers, down to [20,000-35,000] tons DWT.
6. Reconsider requirement for devices for improved maneuvering and stopping ability such as twin screws, lateral thrusters, controllable pitch propellers, and increased astern power.
7. Require inert gas system on all new domestic tankers down to 10,000 tons DWT.
8. Extend requirement #7 to foreign tankers.
9. Extend requirement to existing tankers, foreign & domestic.
10. Evaluate costs and benefits of crude washing.
11. Evaluate design, construction and equipment requirements for tank barges.
12. Expedite rulemaking and implementation of requirement for LORAN-C.
13. Require collision avoidance systems on all tankers 10,000 tons DWT or more, and all other ships 10,000 gross tons or more.
14. Introduce bill authorizing Coast Guard to enter into joint vessel traffic services in waters through which international boundary runs.

15. Require retransmission capability (transponder) on all LORAN receivers, for use in ports with vessel traffic services at present, possibly wider application later.
16. Evaluate longer range vessel surveillance and control.
17. Transfer authority for fairways to Coast Guard.
18. Propose legislation authorizing Coast Guard to promulgate new U.S. navigation regulations for inland waters.
19. Coast Guard to board and examine each one of the 1600 foreign flag tankers calling in U.S. ports as soon as practical.
20. Report results of expanded foreign tanker boarding program, add information for each ship on inspection, pollution, and casualty records to create a computerized Marine Safety Control System.
21. Require that ownership of tankers and changes in vessel names be made public.
22. Require a special detailed inspection of hull for U.S. tankers when they are 10 years old, every 5 years thereafter.
23. Require certification by foreign vessels that they have received a hull inspection as thorough as U.S. inspection and any defects have been corrected.
24. Increase Coast Guard funding to meet the standard for monitoring of oil transfer operations and enforcement.

Crew Standards and Training

25. All deck officers on U.S. vessels over 300 gross tons (gt) periodically demonstrate radar proficiency on simulator.
26. All deck officers on U.S. vessels over 1600gt periodically demonstrate LORAN C skills.

27. All deck officers and tankermen shall be required to complete a course in pollution prevention, control and abatement.
28. Make Marad surplus marine equipment available to approved, non-profit maritime training institutions.
29. Establish an International Registry of Tankships and personnel providing a record of casualty involvements for use in a "point system."
30. Require Master and Chief Mate of foreign flag tankships entering U.S. ports to present current radar observers certificate from acceptable simulator training program.
31. Require licensed deck officers and federally-licensed pilots to have recent experience aboard vessels on which they are licensed or to be tested on a ship simulator, for license renewal.
32. For license renewal, require recent experience for Masters and pilots on size and type of vessel to be operated, or a combination of simulator training and experience.
33. Require State pilots to hold a valid Federal pilot's license.
34. Require all new applicants for certification as crew members on U.S. vessels demonstrate proficiency in basic knowledge and skills related to entry ratings.

Comprehensive Liability and Compensation Bill

35. Open up Superfund to costs of assessment of damage.
36. Open up Superfund to R&D and capital expenditures for equipment.
37. Amend Federal Water Pollution Control Act (FWPCA) to provide for spiller's liability to commence immediately.
38. Reevaluate preemption of State liability laws and State fee-funded pollution funds.

Conventions

39. Seek Senate ratification of 1971 amendments to 1954 Pollution Prevention Convention.
40. Seek Senate ratification of and Congressional passage of implementing legislation for 1969 and 1971 Liability and Fund Conventions.
41. Seek ratification of 1973 Pollution Prevention Convention.
42. Outstanding issues on implementing legislation (42-47):
Limit application of Annexes I and II to "seagoing" ships.
43. Improve regulatory system for Section 6 reception facilities.
44. Provide waiver for foreign-flag vessels from prohibition against using ports with inadequate reception facilities.
45. Express provision should be made for citizen lawsuits.
46. Annexes III, IV and V of the Convention should be implemented.
47. Certification of reception facilities as "adequate" should be made in consultation with Environmental Protection Agency.
48. Seek ratification 1973 Protocol of Intervention Convention.
49. Seek ratification of SOLAS 74.

National Response

50. Amend FWPCA to permit precautionary staging.
51. Amend FWPCA to apply the National Contingency Plan (NCP) to 200-mile zone.
52. Fund assessment activity with appropriations (if #34 is not approved).

- 53. Amend Marine Protection Act of 1972 to authorize funding for long-term research.
- 54. Increase Coast Guard funding to provide adequate response equipment at all major U.S. ports. (See #35).
- 55. Improvements should provide ability to deploy equipment to respond to 100,000 ton spill within 6 hours.
- 56. Expand Coast Guard research and development funding for response, containment and cleanup:

in situ containment	- \$1M
cold weather response needs	- \$10M
cargo removal	- \$2.5M
dispersal	- \$1M

- 57. Expand Environmental Protection Agency Environmental Response Team to improve advisory assistance to On-Scene Coordinators and National Strike Team. Request \$450,000.
- 58. Fund Interior waterfowl studies on dispersal methods, cleaning techniques, oil toxicity, chemical dispersant toxicity. Request \$7.5M.
- 59. Department of State to study feasibility of international cleanup response agreements.
- 60. Department of State to initiate discussions with Mexico on joint pollution response contingency planning.

200-Mile Pollution Zone*

- 61. Consider establishment of national discharge standards in a 200-mile zone.
- 62. Consider enforcement of international operational discharge standards in the zone.

* These initiatives were formulated for general discussion purposes, not as Task Force proposals.

63. Consider promulgation of national design, construction, equipment, manning and/or operations standards in a 200-mile zone.
64. Consider enforcement of standards under #55 in the 200-mile zone.
65. Consider controlling vessel traffic management in a 200-mile zone.
66. Consider requiring #55 and #56 as conditions for entry into U.S. ports.
67. Consider requiring participation in vessel traffic management systems as condition for entry into U.S. ports.
68. Consider U.S. unilateral controls over vessels in internationally approved "critical areas" outside U.S. 12-mile zone.

Outside Contacts

INTERAGENCY OIL POLLUTION TASK FORCE - EXTERNAL CONTACTS

<u>Organization</u>	<u>Agency</u>	<u>Form</u>	<u>Date</u>	<u>Written Document Submitted?</u>
OCS Advisory Board	Interior	letter	2/2	
State of Alaska	CEQ/OMB	meeting	2/3	
Senate Commerce Committee Staff	CEQ/OMB	meeting	2/2	
National Governors Conference	CEQ/OMB	meeting	2/7	
West Coast Ports Group	CEQ/OMB	meeting	2/22-23	
House Merchant Marine Fisheries Chairman and Staff	OMB	meeting	3/2	
American Petroleum Institute	Commerce	meeting	2/11	YES
American Institute of Merchant Shipping	Commerce	meeting	2/11	
AFL-CIO: Seafarers Union; Mar. Eng. Beneficial Assoc; Maritime Trades Dept.	MARAD	meeting	2/10	
International Org. of Masters, Mates & Pilots	MARAD	meeting	2/16	
Center Law & Social Policy	CEQ	meeting	2/9	YES
EPA Regional Offices (to contact States)	EPA	telephone		
Oil Spill Cleanup Assoc. of America	CG/EPA	meeting	2/9	
Paul Preus	CG/EPA	meeting	2/10	
Transportation Institute	MARAD	telephone	2/8	
American Maritime Association	MARAD	telephone	2/8	
National Maritime Union; AFL-CIO Maritime Committee	MARAD	telephone	2/8	
Ad Hoc Maritime Committee of AFL-CIO	OMB	meeting	2/25	YES
AFL-CIO Labor-Management Maritime Committee	OMB	meeting	3/1	YES
Florida Audobon Society	Interior	letter	2/7	YES

TYPICAL SHIPYARD ESTIMATES TO PURCHASE AND INSTALL
 VARIOUS SAFETY/ENVIRONMENTAL FEATURES FOR A 120,000
 DWT. OIL TANKER WITH THE ASSOCIATED AVERAGE ANNUAL
 COST PER OIL TANKER^{1/}

<u>SAFETY/ENVIRONMENTAL FEATURES</u>	<u>EXISTING TANKER</u>	<u>NEW CONSTRUCTION</u>
DOUBLE BOTTOM ^{2/}	N/A	\$2,000,000
DOUBLE HULL (DOUBLE BOTTOM AND DOUBLE SIDES) ^{2/}	N/A	\$3,000,000
RETROFIT OF SEGREGATED BALLAST ^{3/}	\$1,000,000	REQUIRED BY COAST GUARD REGULATIONS
INERT GAS SYSTEM	\$1,200,000	\$1,000,000
COLLISION AVOIDANCE SYSTEM	\$ 100,000	\$ 100,000
LORAN-C WITH RETRANSMISSION CAPABILITY	\$ 60,000	\$ 60,000
<hr/>	<hr/>	<hr/>
TOTAL OF SAFETY/ENVIRONMENTAL FEATURES ^{2/}	\$2,360,000	\$3,160,000 (double bottoms)
<hr/>	<hr/>	<hr/>
AVERAGE ANNUAL COST ^{4/} OF SAFETY/ENVIRONMENTAL FEATURES	\$ 384,000	\$ 371,000
AVERAGE ANNUAL CREW TRAINING COST ^{5/}	\$ 40,000	\$ 40,000
<hr/>	<hr/>	<hr/>
TOTAL AVERAGE ANNUAL COST	\$ 424,000	\$ 411,000

1. Cost estimates were obtained from shipyards with experience in the installation of the subject safety/environmental features in January, 1977.
2. The cost increase of \$2,000,000 for a double bottom and \$3,000,000 for a double hull utilizes a segregated ballast 120,000 DWT. oil tanker, meeting existing U.S. Coast Guard regulations, as the base case. It should be noted that these cost figures are for new construction only since the retrofit of a double bottom/double hull is economically unfeasible. If the double hull alternative is desired over the double bottom, add \$1,000,000 to the total of the safety/environmental features and treat accordingly.
3. The \$1,000,000 cost to retrofit segregated ballast assumes a high penalty in the loss of cargo carrying capacity (16%); therefore, the retrofit consists primarily of changes to the cargo and ballast piping/pumping systems as opposed to major structural conversions. This is consistent with the U.S. Coast Guard's Advance Notice of Proposed Rule Making dated May 13, 1976. By increasing the cost to retrofit, it is possible to reduce the loss of cargo carrying capacity; however, this varies with tanker design and must be considered on an individual basis.
4. The Average Annual Cost (AAC) assumes a Capital Recovery Factor (CRF) of 0.1627 (an annual rate of return on the subject capital investment of 10 percent over a 10 year time period) for existing oil tankers and a CRF of 0.1175 (an annual rate of return on the subject capital investment of 10 percent over a 20 year time period) for newly constructed oil tankers. The residual value of the subject features at the end of the assumed time period was not considered in an effort to present a conservative analysis.
5. The average annual crew training cost of \$40,000 assumes the training of eight persons each year at an average cost of \$5,000 per person.

AVERAGE TRANSPORTATION COSTS FOR THE PROJECTED TAPS
TANKERS CARRYING ALASKAN CRUDE OIL TO PORTS ON THE
WEST COAST OF THE UNITED STATES BASED ON A 3,000
NAUTICAL MILE ROUND TRIP

	EXISTING 120 MDWT DIRTY BALLAST TANKER	120 MDWT TANKER WITH SEGREGATED BALLAST
APPROXIMATE REQUIRED FREIGHT RATE (RFR) FOR 1977	\$ 0.50/BBL	\$ 0.58/BBL
ASSUMED COST OF CRUDE OIL AT LOADING PORT	\$12.00/BBL	\$12.00/BBL
ORIGINAL COST OF DELIVERED OIL	\$12.50/BBL	\$12.58/BBL
APPROXIMATE INCREASE IN RFR TO <u>RETROFIT</u> ^{1/} SEGREGATED BALLAST, INERT GAS, COLLISION AVOIDANCE SYSTEM (CAS), LORAN-C WITH RETRANSMISSION CAPABILITY, LATERAL THRUSTER, ASTERN POWER AND CREW TRAINING AT A CRF OF 0.1275. ^{2/}	\$ 0.098/BBL	-
APPROXIMATE INCREASE IN RFR TO INCLUDE DOUBLE BOTTOM, INERT GAS, CAS, LORAN-C WITH RE- TRANSMISSION CAPABILITY, LATERAL THRUSTER, ASTERN POWER AND CREW TRAINING AT A CRF OF 0.1275. ^{2/}	-	\$ 0.026/BBL
THE COST OF DELIVERED OIL WITH THE PROPOSED ENVIRONMENTAL FEATURES	\$12.60/BBL	\$12.61/BBL
PERCENT INCREASE IN THE COST OF DELIVERED OIL	0.80%	0.24%

^{1/} The increase in Required Freight Rate (RFR) for segregated ballast includes both the capital cost of retrofit and the loss in dead-weight.

^{2/} A Capital Recovery Factor (CRF) of 0.1275 represents an interest rate of 12 percent over a time period of 25 years.

AVERAGE TRANSPORTATION COSTS FOR U.S. FLAG TANKERS
CARRYING CRUDE OIL TO UNITED STATES PORTS BASED ON
A 3,000 NAUTICAL MILE ROUND TRIP

	EXISTING 120 MDWT DIRTY BALLAST TANKER	120 MDWT TANKER WITH SEGREGATED BALLAST
APPROXIMATE REQUIRED FREIGHT RATE (RFR) FOR 1977	\$ 0.50/BBL	\$ 0.58/BBL
ASSUMED COST OF CRUDE OIL AT LOADING PORT	\$12.00/BBL	\$12.00/BBL
ORIGINAL COST OF DELIVERED OIL	\$12.50/BBL	\$12.58/BBL
APPROXIMATE INCREASE IN RFR TO <u>RETROFIT</u> ^{1/} SEGREGATED BALLAST, INERT GAS, COLLISION AVOIDANCE SYSTEM (CAS), LORAN-C WITH RETRANSMISSION CAPABILITY, AND CREW TRAINING, AT A CRF OF 0.1627. ^{2/}	0.097/BBL	-
APPROXIMATE INCREASE IN RFR TO INCLUDE DOUBLE BOTTOM, INERT GAS, CAS, LORAN-C WITH RE- TRANSMISSION CAPABILITY, AND CREW TRAINING, AT A CRF OF 0.1175. ^{3/}	-	\$ 0.017/BBL
THE COST OF DELIVERED OIL WITH THE PROPOSED ENVIRONMENTAL FEATURES	\$12.60/BBL	\$12.60/BBL
PERCENT INCREASE IN THE COST OF DELIVERED OIL	0.80%	0.16%
extra cost per gallon of gasoline increase in RFR/BBL	\$.0023	\$.0004

^{1/} The increase in Required Freight Rate (RFR) for segregated ballast includes both the capital cost of retrofit and the loss in deadweight.

^{2/} A Capital Recovery Factor (CRF) of 0.1627 represents an interest rate of 10 percent over a time period of 10 years.

^{3/} A CRF of 0.1175 represents an interest rate of 10 percent over a time period of 20 yrs.

AVERAGE TRANSPORTATION COSTS FOR FOREIGN FLAG TANKERS
CARRYING FOREIGN CRUDE OIL TO THE EAST AND GULF COASTS
OF THE UNITED STATES BASED ON A 12,700 NAUTICAL MILE
ROUND TRIP

	EXISTING 120 MDWT DIRTY BALLAST TANKER	120 MDWT TANKER WITH SEGREGATED BALLAST
APPROXIMATE REQUIRED FREIGHT RATE (RFR) FOR 1977	\$ 1.50/BBL	\$ 1.74/BBL
ASSUMED COST OF CRUDE OIL AT LOADING PORT	\$12.00/BBL	\$12.00/BBL
ORIGINAL COST OF DELIVERED OIL	\$13.50/BBL	\$13.74/BBL
APPROXIMATE INCREASE IN RFR TO <u>RETROFIT</u> ^{1/} SEGREGATED BALLAST, INERT GAS, COLLISION AVOIDANCE SYSTEM (CAS), LORAN-C WITH RETRANSMISSION CAPABILITY, AND CREW TRAINING, AT A CRF OF 0.1627. ^{2/}	0.30/BBL	-
APPROXIMATE INCREASE IN RFR TO INCLUDE DOUBLE BOTTOM, INERT GAS, CAS, LORAN-C WITH RE- TRANSMISSION CAPABILITY, AND CREW TRAINING, AT A CRF OF 0.1175. ^{3/}	-	\$ 0.06/BBL
THE COST OF DELIVERED OIL WITH THE PROPOSED ENVIRONMENTAL FEATURES	\$13.80/BBL	\$13.80/BBL
PERCENT INCREASE IN THE COST OF DELIVERED OIL	2.22%	0.44%
extra cost per gallon of gasoline increase in RFR/BBL		
^{1/}	42	\$.0071
		\$.0014

The increase in Required Freight Rate (RFR) for segregated ballast includes both the capital cost of retrofit and the loss in deadweight.

^{2/}

A Capital Recovery Factor (CRF) of 0.1627 represents an interest rate of 10 percent over a time period of 10 years.

^{3/}

A CRF of 0.1175 represents an interest rate of 10 percent over a time period of 20 years.

Initiatives Considered

March 3, 1977

A list of all of the initiatives considered by the Task Force is provided here. It should be noted that many are expected to continue to be considered for mention in a Presidential announcement, although they are not now being presented for review by the President.